

**Grantee: Atlanta, GA**

**Grant: B-11-MN-13-0001**

**July 1, 2011 thru September 30, 2011 Performance Report**

**Grant Number:**

B-11-MN-13-0001

**Obligation Date:****Grantee Name:**

Atlanta, GA

**Award Date:****Grant Amount:**

\$4,906,758.00

**Contract End Date:**

03/08/2014

**Grant Status:**

Active

**Review by HUD:**

Reviewed and Approved

**QPR Contact:**

Valerie Fontaine

## Disasters:

### Declaration Number

NSP

## Narratives

### Summary of Distribution and Uses of NSP Funds:

The City of Atlanta will be utilizing NSP funds to carry out the following types of activities: Administration, Acquisition, Rehabilitation, Land >Banking and Disposition in areas of greatest need. Funding will be distributed to homeownership activities and rental activities as described >below.

>Funding Priorities for Homeownership Activities in Target Areas - There are some neighborhoods within the City that, while experiencing relatively high rates of foreclosure, can still be described as generally stable, experiencing only the initial signs of neighborhood decline and with a generally high percentage of owner-occupied houses. The typical pattern in these communities is that a single bank-owned vacant house on a block has lingered on the market due to the generally soft market and/or minor vandalism and disrepair that detract from its marketability. These vacant, often boarded up houses contribute to a decrease in the immediate neighborhood's desirability and often help spur additional neighborhood decline resulting in falling home prices and increasing foreclosures. Increased foreclosures may cause the surrounding blocks to experience contagious decline, potentially spreading to the surrounding neighborhoods. Within the Homeownership Activity, the City will primarily focus NSP3 funds Target Areas D and E but will allow Homeownership Activity in Target Areas A and C if the opportunities arise. The ability to target funds in otherwise stable neighborhoods will allow the City to short circuit the negative impact on property values and ensure that these neighborhoods remain stable.

Funding Priorities for Rental Activities in Target Areas - Declining neighborhoods can be characterized as areas where the percentage of owner-occupied houses is lower than that found in stable neighborhoods. These neighborhoods are characterized by higher rates of investor ownership and may include small multi-family rental complexes in the neighborhood fabric. In such communities, vandalism is more prevalent and obvious, and household incomes are generally lower. Additional City resources may be available and leveraged in these neighborhoods, to assist in redeveloping and stabilizing the immediate neighborhood and surrounding communities.

Within the Rental Activity, the City will primarily focus NSP3 funds in Target Areas B and C, but will allow Rental Activity in Target Areas A, D and E if the opportunity arises. With appropriately targeted acquisition and rehab funds, we believe that properties in these neighborhoods can also be successively revitalized and added back to the affordable housing stock of the City.

### How Fund Use Addresses Market Conditions:

A number of Atlanta neighborhoods have been adversely impacted by the current foreclosure crisis. This impact extends well beyond the lives of families directly affected by foreclosures. The foreclosure epidemic has resulted in a glut of vacant bank-owned homes in many once-stable neighborhoods. Concentrations of empty foreclosed homes have led to a downward cycle of blight, vandalism, abandonment, increased crime, declining property values, shrinking tax bases and community asset deterioration. Many fear that this mortgage crisis threatens to undo much of the tremendous progress made by community-based organizations in the last few decades to revitalize Atlanta's low- and moderate-income neighborhoods. HUD's Neighborhood Stabilization Program (NSP), offers financial resources to assist in the redevelopment of these abandoned and foreclosed homes. Under NSP1, Atlanta received an award of \$12,316,082 in HUD NSP funds and \$3,988,317 in the Georgia Department of Community Affairs (DCA) NSP funds and was successful in impacting 376 foreclosed, vacant and/or blighted housing units in numerous neighborhoods with the NSP1 target areas.

While NSP3 funding can be used for a variety of activities the City took into consideration market conditions, housing goals, available funding and capacity when designing the NSP3 program and determining the NSP3 target areas. The City's funding priorities are 1) rehabilitation of existing small multifamily projects in declining markets; 2) acquisition/rehabilitation of foreclosed and vacant properties for Homeownership in stable markets; and 3) land banking of undeveloped residential subdivisions for future use in stable and declining markets. Within NSP3, the City received an allocation of \$4,906,758 to support redevelopment efforts in five (5) target areas. The selected NSP3 Target Areas consists of 10 census tracts as identified by neighborhood, block group, zip code, NSP3 Risk Score and Impact Score.

#### Foreclosure Filings & Pre-Foreclosures

The City of Atlanta has collected data from Equity Depot, a foreclosure listing service, on the number of foreclosure filings per zip code within

the City limits in calendar year 2006 - 2010. During this period, 20,627 filings occurred within the five (5) zip codes within the target areas.  
Atlanta Zip Codes

- 30307
  - >2006 - 92
  - >2007 - 104
  - >2008 - 135
  - >2009 - 179
  - >2010 - 237
  - >Total - 747
- 30308
  - >2006 - 87
  - >2007 - 124
  - >2008 - 209
  - >2009 - 466
  - >2010 - 496
  - >Total - 1,382
- 30314
  - >2006 - 987
  - >2007 - 1013
  - >2008 - 1058
  - >2009 - 949
  - >2010 - 626
  - >Total - 4,633
- 30315
  - >2006 - 1101
  - >2007 - 1201
  - >2008 - 1521
  - >2009 - 1382
  - >2010 - 1074
  - >Total - 6,279
- 30331
  - >2006 - 862
  - >2007 - 1117
  - >2008 - 1490
  - >2009 - 1919
  - >2010 - 2198
  - >Total - 7,586
- Annual Totals
  - >2006 - 3,129
  - >2007 - 3,559
  - >2008 - 4,413
  - >2009 - 4,895
  - >2010 - 4,631
  - >Total - 20,627

Source: Equity Depot

There has been a 48% increase in the number of foreclosure filings between 2006 and 2010. While the target areas exhibited a 5% decline between 2009 and 2010, the number of foreclosure filings is still significantly higher than in 2006 and 2007 the five zip codes experienced increase year-over-year in the number of foreclosure filings. More specifically, Real Valuator has identified that during the past 12 months, 293 properties received foreclosure notices within one-half mile of the target areas.

- Target Area A
  - ># Properties Receiving Foreclosure Notices: 46
- Target Area B
  - ># Properties Receiving Foreclosure Notices: 53
- Target Area C
  - ># Properties Receiving Foreclosure Notices: 121
- Target Area D
  - ># Properties Receiving Foreclosure Notices: 37
- Target Area E
  - ># Properties Receiving Foreclosure Notices: 36

Source: RealValuator Home Stat Report

Current Property Listings

>The City of Atlanta has collected data from RealValuator and the Office of Code Compliance to identify the current availability of properties eligible for NSP3 funding. The bullets below identifies the # of current listings, the # of foreclosed properties currently available and the # of properties currently qualified as abandoned within the targeted neighborhoods.

- Target Area A
  - ># SF Current Listings: 47
  - ># SF Foreclosures: 20
  - ># Residential Properties with Code Violations 90 days+: 54
- Target Area B
  - ># SF Current Listings: 115
  - ># SF Foreclosures: 37
  - ># Residential Properties with Code Violations 90 days+: 147

- Target Area C

># SF Current Listings: 186  
># SF Foreclosures: 55  
># Residential Properties with Code Violations 90 days+: 52

- Target Area D

># SF Current Listings: 36  
># SF Foreclosures: 11  
># Residential Properties with Code Violations 90 days+: 15

- Target Area E

># SF Current Listings: 94  
># SF Foreclosures: 23  
># Residential Properties with Code Violations 90 days+: 32  
Source: RealValuator, Office of Code Compliance  
Market Analysis

>The downturn of the real estate market has affected numerous Atlanta neighborhoods. The City has found that market values are drastically declining and that the costs to acquire, rehabilitate up to code, incorporate green and energy efficiencies, abate lead based paint, and preserve the historic characteristics of the homes far exceed the current appraised value of most properties. In order to have an impact on the occupancy rate of a community, sell the homes at the fair market value while being able to generate NSP program income, we need to focus homeownership opportunities within areas that have stable market values. The Georgia Multiple Listing Service (GMLS) has provided the City with single-family sales activity for the past 12 months in each target area. Based on the data provided for the City will primarily focus the homeownership activity in Target Area C, D and E. Additionally, the City has come across a foreclosed subdivision in the Target Area A and is seeking to acquire this site for future development once the real estate market can support the construction of new housing units.

- Target Area A

># Properties Sold: 33  
>Average Sales Price: \$39,050  
>Maximum Sales Price: \$120,000  
>Minimum Sales Price: \$10,500

- Target Area B

># Properties Sold: 41  
>Average Sales Price: \$20,298  
>Maximum Sales Price: \$72,500  
>Minimum Sales Price: \$5,000

- Target Area C

># Properties Sold: 45  
>Average Sales Price: \$96,500  
>Maximum Sales Price: \$300,000  
>Minimum Sales Price: \$13,500

- Target Area D

># Properties Sold: 8  
>Average Sales Price: \$138,225  
>Maximum Sales Price: \$248,800  
>Minimum Sales Price: \$79,900

- Target Area E

># Properties Sold: 42  
>Average Sales Price: \$114,452  
>Maximum Sales Price: \$275,000  
>Minimum Sales Price: \$17,900  
Source: GMLS

#### Vacant and Abandoned Housing

>The City of Atlanta has reviewed data provided by HUD from the U.S. Postal Service on the number of units that have been vacant 90 days or more. Target Area A along with Target Area D has extremely low vacancy rates, providing them with great marketability for current homeownership opportunities.

- Target Area A

>Vacancy Rate 0%

- Target Area B

>Vacancy Rate 15%

- Target Area C

>Vacancy Rate 10%

- Target Area D

>Vacancy Rate 5%

- Target Area E

>Vacancy Rate 11%

#### Previous Federal Investments

>The City of Atlanta, Urban Residential Finance Authority and Atlanta Housing Authority through its use of HOME, NSP, Homeless Housing Opportunity Bond, and Project-Based Section 8 funds has made significant financial investments in the NSP3 target areas over the past three (3) years. By funneling the NSP3 funds to these target areas, we believe we will be able to protect our financial investment while continuing to stabilize these communities.

- Target Area A

>Project Types: Scattered Owner Occupied Rehab, NSP Homeownership, and HOME Down Payment Assistance  
>Recent Federal Investments: \$363,000

- Target Area B

>Project Types: Homeless Opportunity Bond Rental with Project Based Section 8, NSP Demolition, and NSP Rental

>Recent Federal Investments: \$2,950,800

- Target Area C

>Project Types: HOME Rental, scattered NSP Homeownership, NSP Demolition, and Section 8 Moderate Rehab Rental

>Recent Federal Investments: \$3,025,000

- Target Area D

>Project Types: HOME Rentals and HOME Down Payment Assistance

>Recent Federal Investments: \$432,500

- Target Area E

>Project Types: NSP Multifamily with Project Based Section 8 and Scattered NSP Homeownership Units

>Recent Federal Investments: \$1,336,000

### **Ensuring Continued Affordability:**

The use of the NSP funds will aid to stabilize deteriorating neighborhoods within the City of Atlanta and provide a mechanism to enhance the availability of affordable housing for our residents. With the NSP funding, the City will seek to ensure the availability of affordable housing for both homeownership and rental housing options.

Homeownership. For single-family housing redeveloped for home-ownership opportunities, the City of Atlanta will maintain the same affordability period as implemented in NSP1. Affordability period will be based on the NSP Direct Subsidy provided to the homebuyer and will be secured by a security deed and homebuyer written agreement. Homeowners who do not maintain ownership during the affordability period will be subject to the recapture of all or a portion of the NSP investment.

NSP Direct Subsidy Affordability Period

>

- <\$15,000 - 5 years
- \$15,000-\$40,000 - 10 years
- \$40,000> - 15 years

Rental. For single family and multifamily housing redeveloped for rental the City of Atlanta will maintain the same affordability period as implemented in NSP1. The affordability period will be based on the total NSP investment provided to each unit. Resale restrictions will be placed on the property in the form of a covenant to run with the land. Rents will be set in accordance with the definition of affordable rents described above. The City or its designated agency will monitor the rental developments that are assisted with NSP funds during the affordability period every 3 years to ensure that the units are affordable and that the property continues to meet the minimum housing quality standards or any additional housing inspection standards the City of Atlanta deems necessary.

Affordability Period - NSP Subsidy per Unit for Single Family Properties (1-4 units)

- <\$15,000 - 5 years
- \$15,000-\$40,000 - 10 years
- \$40,000> - 15 years

Affordability Period - NSP Subsidy per Unit for Multifamily Properties (5+ units)

- Any Amount - 20 years

### **Definition of Blighted Structure:**

The State of Georgia defines blight as a developed property that is conducive to ill health, transmission of disease, infant mortality, or crime in the immediate proximity of the property and represents at least two of the following conditions:

- Uninhabitable, unsafe, or abandoned structures;
- Inadequate provisions for ventilation, light, air, or sanitation;
- An imminent harm to life or other property caused by fire, flood, hurricane, tornado, earthquake, storm, or other natural catastrophe respecting which the Governor has declared a state of emergency under state law or has certified the need for disaster assistance under federal law; provided, however, this division shall not apply to property unless the relevant public agency has given notice in writing to the property owner regarding specific harm caused by the property and the owner has failed to take reasonable measures to remedy the harm;
- A site identified by the federal Environmental Protection Agency as a Superfund site pursuant to 42 U.S.C. Section 9601, et seq., or environmental contamination to an extent that requires remedial investigation or a feasibility study;
- Repeated illegal activity on the individual property of which the property owner knew or should have known; or
- The maintenance of property is below state, county, or municipal codes for at least one year after notice of the code violation

### **Definition of Affordable Rents:**

Households at 0-50%: Affordable rents for households with incomes less than 50% of the Area Median Income are defined as the HOME Low Rents, established for the Atlanta area, published annually by HUD. The HOME Low Rent must be reduced by the annual utility allowance, published by the Atlanta Housing Authority or Georgia Department of Community Affairs. Utility allowances do not include telephone or cable.

Households at 51-80%: Affordable rents for households with incomes greater than 50% but not exceeding 80% of the Area Median Income are defined as the Fair Market Rents (FMR), established for the Atlanta area, published annually by HUD. The FMR must be reduced by the annual utility allowance, published by the Atlanta Housing Authority or Georgia Department of Community Affairs. Utility allowances do not include telephone or cable.

Households at 81-120%: Affordable rents for households with incomes that are greater than 80% but not exceeding 120% of the Area Median income must be the lesser of the annual Fair Market Rents (FMR) established for the Atlanta area, published annually by HUD or 30 percent of the adjusted gross income of the family.

### **Housing Rehabilitation/New Construction Standards:**

The City of Atlanta will utilize the Office of Housing's Lead Based Reduction & Rehabilitation Standards to ensure that each property is up to the Atlanta Housing Code. These rehab standards have been modified for the purposes of the NSP program to incorporate some energy efficiency features and marketability upgrades. Either City of Atlanta staff, or third-party contractors, will inspect each property and develop a detailed scope of work for each unit. During the rehabilitation, either City of Atlanta staff and/or third-party contractors will inspect each

property to ensure the rehabilitation work being undertaken meets City building code standards and is in line with the scope of work.

**Vicinity Hiring:**

To ensure that the NSP3 Vicinity Hiring requirement is met, the Office of Housing will work with the City's Office of Contract Compliance and Atlanta Workforce Development Agency to ensure that businesses and residents located within the NSP3 target areas register to receive notification of employment opportunities created through NSP3. Additionally the Office of Housing will ensure the NSP Developer and LBA provide a preference to those who reside or are located within the NSP3 target areas when employment opportunities arise.

**Procedures for Preferences for Affordable Rental Dev.:**

Declining neighborhoods can be characterized as areas where the percentage of owner-occupied houses is lower than that found in stable neighborhoods. These neighborhoods are characterized by higher rates of investor ownership and may include small multi-family rental complexes in the neighborhood fabric. In such communities, vandalism is more prevalent and obvious, and household incomes are generally lower. Additional City resources may be available and leveraged in these neighborhoods, to assist in redeveloping and stabilizing the immediate neighborhood and surrounding communities. Within the Rental Activity(ies), the City will primarily focus NSP3 funds in Target Areas B and C, but will allow Rental Activity in Target Areas A, D and E if the opportunity arises. With appropriately targeted acquisition and rehab funds, we believe that properties in these neighborhoods can also be successively revitalized and added back to the affordable housing stock of the City.

**Grantee Contact Information:**

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Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$4,906,758.00
Total CDBG Program Funds Budgeted	N/A	\$4,906,758.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$490,675.80	\$490,675.80
Program Funds Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

## Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$736,013.70	\$0.00
Limit on Admin/Planning	\$490,675.80	\$0.00
Limit on State Admin	\$0.00	\$0.00

## Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$490,675.80	\$490,675.80

## Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$1,226,689.50	\$1,230,000.00

## Overall Progress Narrative:

**Staffing:** The City of Atlanta interviewed several candidates for the NSP Management Analyst position. The City will continue interviewing candidates for the NSP Management Analyst and NSP Financial Analyst in the next reporting period.

**Sub-recipient:** The City of Atlanta selected the Fulton County/City of Atlanta Land Bank Authority (LBA) as its sub-recipient for NSP3. The NSP3 contract was executed by LBA during the reporting period and is anticipated to be executed by the City of Atlanta in the next reporting period so that implementation activities may begin.

**Developers:** The LBA issued a Request for Proposals (RFP) for developers interested in redeveloping existing NSP1 acquired properties. Responses are expected back in September and developers will be selected during the next reporting period. Several existing NSP1 properties identified in the RFP are slated for redevelopment with NSP3 funds.

## Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
2011-NSP3-ADM, Administration	\$0.00	\$490,675.80	\$0.00
2011-NSP3-ARD, Acquisition/Rehab/Disposition	\$0.00	\$2,282,800.00	\$0.00
2011-NSP3-LBA, Land Banking	\$0.00	\$126,082.20	\$0.00
2011-NSP3-RDV, Redevelopment	\$0.00	\$2,007,200.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00

## Activities



**Grantee Activity Number:** 25211068.101.220131983

**Activity Title:** Administration

**Activity Category:**

Administration

**Project Number:**

2011-NSP3-ADM

**Projected Start Date:**

03/08/2011

**Benefit Type:**

N/A

**National Objective:**

N/A

**Activity Status:**

Planned

**Project Title:**

Administration

**Projected End Date:**

03/08/2014

**Completed Activity Actual End Date:**

**Responsible Organization:**

COA, Office of Housing

Overall	Jul 1 thru Sep 30, 2011	To Date
Total Projected Budget from All Sources	N/A	\$490,675.80
Total CDBG Program Funds Budgeted	N/A	\$490,675.80
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$490,675.80	\$490,675.80
Program Funds Expended	\$0.00	\$0.00
COA, Office of Housing	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

**Activity Description:**

The City of Atlanta's Department of Planning and Community Development (DPCD) will be responsible for the administration of the NSP3 Program. As part of that Department, the City's Office of Housing will assume responsibility for the day-to-day management of the Program. The Office of Housing will maintain the primary responsibility for the management of NSP3. The Office of Housing will engage the necessary resources to develop policies and program manuals, monitor NSP Developers, process financial payments and report performance measurements.

**Location Description:**

Target Area A is located in Census Tract 78.05 and 78.06. Target Area B is located in Census Tract 83.01, 83.02 and 84. Target Area C is located in Census Tracts 55.01 and 56. Target Area D is located in Census Tracts 17 and 18. Target Area E is located in Census Tracts 205, 206 and 207.

**Activity Progress Narrative:**

During the reporting period, the staff participated in the following events:

- An Office of Housing staff member attended the HUD sponsored National Development Council Rental Financing certification training in July.
- An Office of Housing staff member attended the HUD Green Building Regional Workshop on July 19, 2011. The workshop focused on the basics of green building science, lessons learned, common practices, preferred methodology and installation techniques.
- An Office of Housing staff member attended the HUD NSP Mortgage Financing Roundtable session on August 30, 2011. The session developed an implementation plan for Metro Atlanta on how we can improve communication amongst lenders and NSP grantees and how we need to reassess our programs and disposition strategies to determine their effectiveness in the current lending market.

**Accomplishments Performance Measures**

No Accomplishments Performance Measures found.

**Beneficiaries Performance Measures**

No Beneficiaries Performance Measures found.

**Activity Locations**

No Activity Locations found.

**Other Funding Sources Budgeted - Detail**

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

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